

GUIDE
DOGS



The Guide Dogs for the Blind Association

Report and Financial

Statements 2013

Company limited by guarantee
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Guide Dogs for the Blind Association

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Objects and activities

The Objects for which Guide Dogs group and its subsidiaries were established are, to promote the health, equality and independence of people who are blind or partially sighted:

- Providing guide dogs for people who are blind or partially sighted.
- Training and education for people who are blind or partially sighted in the use of such guide dogs.
- The relief, prevention and cure of vision impairment.
- Providing such services, facilities and activities for the benefit of people who are blind or partially sighted as the Association shall from time to time deem fit.
- The relief of children and young people who are registered blind, registered partially sighted or classified, or should be classified, by a local education authority as visually impaired.

Our vision is for a society in which people who are blind or partially sighted enjoy the same freedom of movement as everyone else.

Our purpose is to:

- Deliver the guide dog service and other mobility services.
- Break down legal and physical barriers.
- Enable people who are blind or partially sighted to get around on their own terms.

Strategic aims

Guide Dogs is now four years into its Building Extraordinary Partnerships strategy enabling more people who are blind or partially sighted to get out and

about on their own terms, and offering them a broader range of services.

As our customers travel through their journey to independence, we listen carefully to ensure we offer the most appropriate services for the need required, ultimately providing them with the mobility skills and tools that enable them to live their lives as they wish.

2013 Highlights

2013 was a very successful year. We delivered an estimated 1.8 million days of support to our customers across our range of mobility services.

We used our expertise and experience to enable more people with sight loss to live life on their own terms, to campaign alongside them for rights they should be able to take for granted and to help the public understand what it is like to be blind or partially sighted.

Our work enabled hundreds more people with sight loss to take control of their lives again, enjoying independence and getting around with confidence.

We continued to expand and develop new services to meet the differing needs of our customers.

During 2013, we maintained our commitment to the sustainable long-term growth of our guide dog service, and we continued to expand and develop new services to meet the differing needs of our customers.

- Our National Breeding Centre, under its well-established breeding programme, exceeded targets for litter sizes, conception rates and the number of breeding bitches.

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- We launched Puppy Profiling Assessments to help us improve our success rates.
- 823 guide dog partnerships qualified in 2013 and the level of satisfaction with the quality of our training remained consistently high.
- The number of active partnerships increased again to 4,798 (4,752 in 2012).
- In an increasingly competitive environment, our income from fundraising grew by £5 million on 2012. Landmark achievements included reversing the 20 year fall in legacy notifications, and exceeding 100,000 Sponsor a Puppy recruits.

Our guide dog service enhances freedom of movement for many people with sight loss but others require different support and help; we therefore continued to develop other services for those for whom a guide dog is not the answer:

- Blind Children UK (formerly The National Blind Children's Society) became part of the Guide Dogs group, which gave us unprecedented opportunities to expand our services and enable children with sight loss to fulfil their potential.
- Our new children's strategy is called Building Confident Futures, and during 2013 we supported 1,210 children and young people and their families.
- In its second year, we grew the buddy dog service by over 50 per cent.
- We created 816 My Guide partnerships, where trained volunteers assist people who are visually impaired by guiding them to shops, community events or other activities.
- All Guide Dogs staff and more than 3,100 members of the public completed My Guide training to assist people with a visual impairment and,

as a result, some 10,773 people with sight loss were reached through the My Guide programme.

- We handled over two thousand enquiries, leading either to the direct delivery of Guide Dogs' services, or a controlled handover to partner organisations who provided the support that was needed.

We also maintained a focus on other areas of our work, enabling us to fulfil our Building Extraordinary Partnerships strategy and use our voice to influence the way that people in the UK think about sight loss.

High profile campaigning enabled us to engage successfully with politicians and with the media on a number of important issues that affect the lives of people with sight loss. As a result of our actions, the Government committed to:

- Compulsory micro-chipping of all dogs in Wales by 2015 and in England by 2016.
- Mandatory fitting of noisemakers to all electric vehicles manufactured after 2017.
- Making an attack on an assistance dog an offence carrying a maximum three year prison sentence.

We saw an increase in public awareness of Guide Dogs and our work rising from 17th place to 10th on the Charity Brand Index. This significant growth in awareness was the result of our intensive external communications work including:

- The prime-time TV documentary, Me and My Guide Dog, which attracted 4.7 million viewers.
- Our very well-publicised Guide Dogs Week in October.

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- A high profile gala evening in December which attracted a number of notable celebrities, and raised more than £100,000.

We continued to work with Microsoft and other major companies to develop new technologies to enable people with sight loss to make safe, well-informed and enjoyable journeys across towns and cities.

Our volunteers worked tirelessly to help bring our services closer to our customers and to help raise awareness of our work amongst the general public. We are indebted to all of them for giving their time, skills and energy so generously. Guide Dogs in Northern Ireland became the first of our teams to achieve the Investing in Volunteers Quality Standard, recognising the excellent work they have done. We are now working on a plan to extend this across all of our teams.

The following sections provide more details of our ambitious and wide ranging work and our plans for the future.

The guide dog service

Guide dogs have been transforming people's lives for over 80 years. We make a lifetime promise to provide our guide dog owners with a guide dog for as long as they need one. This could be as many as eight dogs over the course of a lifetime. Anyone of any age can apply for a guide dog and no one is denied a dog on the grounds of cost.

When a person contacts us to apply for a guide dog, we first assess their needs and talk to them about what having a guide dog entails – the benefits as well as the commitment. A guide dog is not for everyone, but if a guide dog is the right solution, we begin the process of carefully

matching a dog with the prospective owner. Together they complete three to five weeks of intensive training before qualifying as a working guide dog partnership. We continue to visit the partnership at home to ensure that all is well. When a dog approaches retirement age, we begin the process of identifying a replacement.

Our guide dogs are bred at our world-class National Breeding Centre in Warwickshire and at the end of 2013 we had 352 dogs in our breeding stock (351 at end of December 2012).

Training takes place at one of four training centres in Atherton, Lancashire; Forfar, Scotland; Leamington Spa, Warwickshire and London. We are also piloting local training approaches within our 20 mobility team bases across the UK. At the end of 2013 we had 557 dogs in training.

We are committed to delivering the highest quality of service to our customers and we work closely with them to ensure we continue to deliver this commitment. Our most recent customer survey reported satisfaction levels of 97 per cent with our target being 90 per cent. We also give the highest level of care to our dogs to ensure they are happy and healthy and able to provide the best support possible to their owner.

Volunteers play a very significant role in helping us with our breeding and training programmes:

- 372 volunteers cared for our dog stock in their own homes in 2013 (351 in 2012).

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- 1,832 volunteers gave our pups a home and provided basic training in their first year (1,380 during 2012).

More volunteers offered invaluable support by boarding our dogs-in-training and driving them around the country to their training destinations.

Achievements and performance:

- We placed 1,381 puppies with puppy walkers in 2013 (target 1,350).
- We trained 823 guide dog partnerships in 2013 but our high attainment expectations mean that some partnerships did not qualify until 2014.
- There were 4,798 active partnerships by the end of 2013 (4,752 by end of 2012).

Plans for the future: During 2014 we aim to place 895 dogs in training and to deliver 860 guide dog partnerships while continuing to provide support for our existing guide dog owners. By 2020 we aim to increase the number of guide dog partnerships we train to 1,000 a year.

We are also looking at re-structuring our mobility services directorate to create a structure that will better help us to identify and share best practice across all the mobility teams and training schools, as well as to ensure that we maintain quality levels in all the services we provide.

We will continue to analyse the data collected from the epidemiology of guide dog behaviour project which aims to examine the behavioural profiling tools for trainee guide dogs (for further details please refer to the Research section page 11), with a view to implementing the recommendations of the study when the project concludes in 2015.

Buddy dogs

The buddy dog service supports children and young people with vision impairment. Following a successful pilot, the service was launched as a full service in January 2012.

Buddy dogs are dogs that have not qualified to work as guide dogs but who can nevertheless play a vital role in improving the quality of life for young people who are blind or partially sighted. Buddy dogs contribute to their sensory and physical development, enhance their confidence and self-esteem, and improve their communication skills. They can also help people overcome the isolation and depression that often comes with sight loss.

The buddy dog service places suitable dogs with young people and their families, or in schools and organisations. It provides the opportunity for young people to experience the responsibility of caring for a dog, and can help us assess their suitability for future guide dog ownership.

Achievements and performance:

- 32 new buddy dogs were placed in 2013 (20 in 2012).
- By the end of 2013 there were 64 active partnerships (32 in 2012).

Plans for the future: We plan to deliver 40 buddy dog partnerships in 2014.

My Guide

During 2013 we continued to develop My Guide, our sighted guiding programme which trains volunteers to use basic guiding techniques to help people with sight loss get out of their homes and back into the community. Our mobility teams

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work with local blind societies, community groups and members of the public to provide a network of trained volunteers.

We created a national standard of sighted guiding to ensure appropriate assistance is given to people with sight loss and to help them negotiate the environment safely while at the same time promoting independence.

My Guide volunteers assist people with sight loss, regularly guiding them to local shops, community events or to take part in a specific interest or hobby. A key part of their role is to identify other people or groups who can also support individuals with sight loss to enable us to reach thousands more people who rarely leave home. These partnerships help the individual to rebuild their confidence and regain their independence.

The My Guide Open-for-Business service trains staff in hospitals, large national retailers and transport companies to use sighted guiding techniques to make their organisations more accessible to people with sight loss.

Achievements and performance

- 4,137 people completed the My Guide level one training in 2013 (2,600 in 2012).
- We trained a further 752 people to level three which means that they can train other volunteers to provide this service.
- The My Guide Open-for-Business service trained 18,018 people (target 17,000) and we estimate that these people have gone on to assist in the region of 20,000 people who are blind or partially sighted.

Plans for the future: During 2014, we aim to deliver 630 My Guide partnerships and to expand our coverage of the My Guide Open-for-Business scheme. We are

committed to deliver training to more volunteers and aim to help around 25,000 people who are blind or partially sighted.

Adult mobility services contracts

We provide a range of services to help people who are blind or partially sighted of all ages. This includes providing mobility and habilitation training through local authority contracts.

Achievements and performance: At the end of the year 267 adults had received a service from Guide Dogs through 18 contracts with local authorities.

Local authority reorganisation resulted in the closure of one contract. Three new contracts started and our contract with Cumbria Children's Services was renewed.

A Trust and Statutory Funding Manager and a Statutory and Grants Funding Officer have been employed during the year, both of whom have been working with mobility teams to identify and follow-up service provision and funding opportunities. An application to become an approved provider of Early Help services has been submitted and interest has been registered with various local authorities to provide services.

We have continued to work as part of the South West Sensory Consortium, providing a focus for commissioners and individual clients, as well as being a strong voice for people who are blind or partially sighted.

Plans for the future:

- Mobility teams will be re-negotiating existing contracts as necessary during the year.

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- A new contract for service delivery on behalf of Sefton local authority is being drawn up and a potential contract with Falkirk is being negotiated.
- Practical delivery of the RNIB Cymru Future Insight project for young people in transition will begin.
- We will continue to build links locally to identify, develop and bid for contract work.

Children and young people's services

We have already made a difference to hundreds of children and young people with a visual impairment (CYPVI) who would otherwise fail to reach their full potential without effective support. In April 2013 Blind Children UK became a subsidiary of Guide Dogs and we are now in a position to reach thousands more children and young people with sight loss.

Guide Dogs has been working with young people for over fifteen years, usually through contracts with local authorities. Blind Children UK has supported children and their families since it was set up in 1995. Both organisations provide a range of services to meet the needs of children and young people who are visually impaired.

Guide Dogs provides:

- The young guide dog service
- The buddy dog service

In addition to the Movement Matters service (see below under Achievements and performance), Blind Children UK provides the following services:

- CustomEyes Large Print Books
- The family support service
- The education support service

- The access technology service
- The recreational activities service.

Information about these services are detailed in the Blind Children UK annual report and accounts.

Achievements and performance:

- We launched our Movement Matters service which offers support and advice about mobility, orientation and independence to families and their children. To deliver this service we continued our ambitious expansion programme by recruiting a further 10 trainee habilitation workers.
- We worked with 686 children indirectly through local contracts and directly through our Movement Matters habilitation work.
- We also trained 18 young people with a guide dog as part of our children and young people guide dog service.
- The Parents as Partners programme was evaluated and due to positive findings will be added to our menu of resources to support parents.

Plans for the future: We will continue to invest in recruiting and training to support the planned growth of the Movement Matters service. In 2014 this will include six senior practitioners, six children and young people Mobility Instructors, 12 trainee children and young people Mobility Instructors, one Family Support Officer, one Educational Support Officer and one Assistive Technology Manager.

In addition to launching Movement Matters, our expansion programme includes the growth of the current Blind Children UK services, in particular Education and Family Support. We will also look at the volunteer opportunities to support these services.

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We will work shoulder-to-shoulder with local authorities to ensure that children and young people with vision impairment receive the habilitation service they need - one that meets the quality standards as set out in the Department of Health's and the Department of Education's revised code of practice and defined within the "Habilitation Training for Children and Young People with Visual Impairment" standards. Whilst acknowledging the good work currently undertaken within the sector and building strong relationships with local statutory providers and other third sector organisations, we will also seek to actively challenge provision which is of a poor quality or not easily accessible for CYPVI and their families. Our aim is to stand shoulder to shoulder with other providers and to work, where possible in partnership with them, By using a pricing framework, we will endeavour to recoup as many costs as possible through personal budgets, tendering for local contracts and agreements with educational establishments.

In 2014 we aim to support 1,430 children, young people and their families. To enable us to deliver the services, we are developing plans to grow Blind Children UK fundraising activities, harnessing the expertise of Guide Dogs' own highly successful fundraising team. The growth in services and fundraising can only happen with investment in the early years which means that Blind Children UK's expenditure will exceed its income for a period. Blind Children UK will therefore borrow money as a temporary measure until its income grows. Guide Dogs is in a position to offer support and will provide a loan to Blind Children UK at an appropriate rate of interest. The loan will be repayable in full.

To achieve our ambitious aims and to ensure Blind Children UK is a vibrant, growing charity that funds vital work to help young people with sight loss reach their full potential in life, we need to be able to connect with all our stakeholders in a powerful and engaging manner. To help us in this aim, a new visual identity was launched to the general public in May 2014.

Brand building and raising awareness

Guide Dogs carries out marketing communications activities to build its reputation or 'brand'. This activity is designed to raise awareness of the breadth of our services so that Guide Dogs will be the first point of contact for people with sight loss who need support. It is also intended to raise awareness amongst the general public and potential donors to encourage them to become life-long supporters of Guide Dogs, to enable us to continue our life-changing work. In 2013 we started to develop and invest in our brand building activities, including: pitching for a national TV documentary; testing brand advertising campaigns; developing our annual awareness raiser, Guide Dogs Week, to have greater impact.

Achievements and performance:

- Guide Dogs jumped from 17th to 10th position in the Charity Brand Index 2013, one of the highest climbing charities of the year.
- Me and My Guide Dog documentary broadcast on ITV1 in July was watched by 4.7 million viewers. 170 pieces of national and regional media coverage were generated as a result, reaching 18 million people. A total of 1,800 Sponsor a Puppy supporters were recruited from associated TV,

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online and press advertising. A legacy was left as a result of the programme.

- Two advertising campaigns were tested. The first campaign aimed to increase brand awareness in London and commuter routes, with advertising appearing on outdoor poster sites, bus panels, selected radio stations and in regional newspapers. This campaign achieved growth in unprompted awareness from 2.7% to 4.1% in the Greater London population. The number of people who agreed with 'Guide Dogs appeals to people like me' increased from 40% to 62%. The second campaign was a combined brand awareness and fundraising campaign which ran over the Christmas period, the results of which will be available during the third quarter of 2014.
- Guide Dogs Week 2013 – Stand Out for Guide Dogs was launched by lighting up the London Eye and finished with a fashion show on the Millennium Bridge with model Amber Le Bon. There was an increase in awareness amongst men aged over 55 from 3% to 10%. Total awareness of Guide Dogs Week for women of all ages increased from 6% to 13%. Media coverage of the campaign reached 134 million people.

Plans for the future: We have ambitious plans to increase our relevance to people with sight loss and to the general public by making Guide Dogs a more significant part of their daily lives. This will require further investment in our brand building activities to broaden perceptions of Guide Dogs and develop a deeper understanding of our work, focusing on people and partnerships, rather than just dogs.

In 2014 we are developing quarterly integrated brand and fundraising

campaigns to ensure we speak with one voice and use our resources for maximum impact. This will include continuing to step up our ambition for Guide Dogs Week in 2014.

As a result of the success of the first Me and My Guide Dog documentary, ITV1 has commissioned a further two programmes, which are being filmed throughout 2014 with a likely broadcast early in 2015.

Engagement

The role of our engagement staff is to connect with local and regional communities, looking for any opportunities to bring our services closer to our customers as well as building collaborative relationships with other organisations and campaigning on issues that affect the mobility of people with sight loss.

Achievements and performance:

- Guide Dogs has become a significant voice on advisory boards, forming working partnerships with other sight loss agencies to create a united and powerful voice.
- We built relationships with many organisations to provide My Guide training resulting in better customer support for people with sight loss.
- United Buses donated a bus that enabled us to tour seven schools supporting awareness, education, promotion of services, and encouraging donations.
- David Amess MP met both our campaigns team and local engagement staff during 2013 which resulted in the prime minister's commitment to look at Guide Dogs' recommendations around shared surface schemes.
- Our engagement teams organised events with planning agencies, bus

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companies and public services which are supporting the local impact of our national Streets Ahead and Talking Buses campaigns.

- We supported a local guide dog owner to highlight her experience of a dog attack on local and national TV, local radio and newspaper articles along with social media campaigns.
- We joined with Living Streets and an alliance of 19 other charities to support Sandra White's, MSP, proposed Responsible Parking Bill which aims to stop parking on pavements and at dropped kerbs. 58 elected members, from five parties, demonstrated there was a real will to take this legislation forward.
- We developed our local social media presence, podcasts, and other traditional media giving us new networks to expand our supporter base. We also developed local relationships with radio, TV, newspaper and media promoting Guide Dogs' work.
- The vast majority of our national and international media presence begins with a locally identified story. Two guide dog owners were filmed for the Me and My Guide Dog documentary and were also interviewed by CNN.

Plans for the future: We will continue to raise our profile, forge new relationships and engage new customers with a focus on helping to expand the growth and awareness of our My Guide and children and young people services. We will continue to deliver events and activities in support of Streets Ahead and Safe and Sound campaigns and compulsory microchipping of dogs in Scotland.

Technology

We believe that technology has significant potential to transform the ways

in which people who are blind or partially sighted get out and about on their own terms. We are lobbying for greater collaborative working between technology companies, transport providers, retailers, entertainment venues and policy makers, so that together we can deliver a technology-enabled solution to address mobility and independence for all.

We have a vision where one day people with sight loss will live as full, independent and enriched lives as sighted people. No longer will they have to depend on strangers to perform everyday tasks such as shopping, travelling and navigating public spaces.

Achievements and performance

- We continued our collaborative partnership with Microsoft and Future Cities Catapult, one of seven centres sponsored by the Government to enable businesses and researchers to work together to bring new products and services into the commercial world more quickly. The aim of the partnership is to develop and install technology to make our towns and cities more accessible. The planning of the first phase of the project was completed in 2013 and involved the creation of a research and development laboratory to demonstrate proof of concept, visibility and feasibility.
- We developed a prototype game using Kinect Technology for children and young people supporting development, movement and mobility through our wider habilitation programme, Movement Matters. The game was well received by children, young people, parents, teachers and habilitation specialists and represents an exciting innovation change in how the organisation will engage with

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technology in the future.

Plans for the future: In 2014 we will be working on three key technology initiatives:

- To deliver the research and development phase of the technology demonstrator working with Microsoft, Future Cities Catapult and our consortium partners.
- To deliver a comprehensive mobility game using gesture-based gaming technology to deliver mobility training to children who are blind or partially sighted, and to gain external funding to make this a reality.
- To continue to gain insights from people with sight loss to understand their opinions and experiences to inform our thinking about future technology-related services.

Campaigning

We campaign to break down barriers that prevent people who are blind or partially sighted from getting out and about on their own terms. Our evidenced-based public affairs campaigns reflect the issues that are important to people with sight loss. Our on-going campaigns in 2013 were: Dog Attacks - to ensure guide dogs and their owners are kept safe from attack by other dogs. Safe and Sound - to ensure quiet electric and hybrid vehicles are audibly detectable. Talking Buses - to make audio visual announcements on buses compulsory. Streets Ahead - to ensure our streets are accessible to people who are blind or partially sighted.

Achievements and performance

- Dog Attacks: The Government announced plans to introduce compulsory micro-chipping of all dogs in Wales by 2015 and England by April

2016. The Scottish Government is consulting on similar proposals. The Anti-Social Behaviour and Crime Prevention Bill will make an attack on an assistance dog an offence carrying a maximum three year prison sentence.

- Safe and Sound: We worked closely with MEPs to ensure an amendment to a European regulation that will make the installation of an artificial sound generator mandatory from 2019. The regulation is expected to be finalised in early 2014.
- Talking Buses: Following the publication of our Road to Nowhere report highlighting the need for audio visual bus announcements (as part of our Talking Buses campaign), we gave evidence to the Commons Transport Select Committee which then recommended that all buses be fitted with AV announcement systems over the next 10 years. The impact of such a recommendation from a powerful group of MPs was emphasised in an 80 minute debate in parliament on the Accessibility of Public Transport where audio visual announcements were mentioned 47 times.
- Streets Ahead: The party conference stand won three awards. Over 140 MPs visited our stand and spoke to us about the issues of pavement parking. We published our Parking Attitudes survey. Local campaigners engaged with councils across the country to reduce street clutter and make streets more accessible.
- Guide Dogs came top of all charities, as rated by MPs, for the effectiveness of their campaigning, in the nfp Synergy Parliamentary Monitor.

Our campaigns would not be the success they are without our supporters. In 2013 over 5,500 new campaigners signed up

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and over 12,000 campaign actions were taken by people through our website.

Guide Dogs won several national awards for its campaigning work including the Chartered Institute of Public Relations (CIPR) Excellence Award for best Public Affairs campaign and the In-House Team of the Year at the Public Affairs News Awards.

Plans for the future: We will continue to campaign to ensure governments at a national and local level take into account the needs of people with sight loss. In 2014, we will step up our Talking Buses and Streets Ahead campaigns as well as looking at our long term campaigning strategy as a result of planned research with adults who are visually impaired. We will develop our public affairs work in the House of Lords, so we can effectively influence both Houses for the benefit of people who are blind or partially sighted.

Research

We undertake research so we can better understand the needs and experiences of people who are blind or partially sighted and to be able to provide world-class mobility services that meet their needs. Our research programme covers four key areas:

Our canine research helps to inform, preserve and enhance the performance of our dogs to maintain their quality of life as well as to ensure their suitability to the particular mobility needs of their owner.

Our psycho-social research is designed to maintain and enhance mobility by identifying social and psychological factors that affect the mobility of people with sight loss.

Our ophthalmic research seeks to increase our understanding of eye conditions and to enhance or preserve residual sight and to gain insight on how residual vision may be used to maintain the mobility of people with a visual impairment.

Our market research ensures that Guide Dogs listens to the opinions of our customers and our supporters, as well as helping us to meet the challenges of a rapidly changing economic and policy environment in the UK.

Achievements and performance: Our research team managed a number of projects on topics such as puppy character profiling, breeding efficiencies, neutering practices, disease management and behavioural development.

We continued our long-standing collaboration with Nottingham University's School of Veterinary Medicine and Science which is part-way through a Guide Dogs-funded project to investigate the epidemiology of behaviour in guide dogs. The study progressed well in 2013 and will conclude in 2015. The Veterinary school started other projects including a part-funded study looking into the issues related to the early retirement of working guide dogs and how this could impact our customers.

Psycho-social researchers investigated habilitation services for children and young people to identify the nature and quality of services and training provided across the country to inform our children and young people's mobility service. In conjunction with Royal Holloway College, we continued to progress a psycho-social research project, Middle Step, to further our understanding of the depression that some people encounter

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on being diagnosed with sight loss. This research tests an established intervention called Problem Solving Treatment (PST) amongst people with an early diagnosis of vision loss and examines whether the intervention has a positive impact on mobility, psychological well-being and quality of life.

We completed the funding of a study, undertaken by London School for Hygiene and Tropical Medicine, to investigate the prevalence of blindness and low vision in the UK. It is estimated that the number of people living in nursing and residential care homes could nearly double in size by 2031 with one in three of these people being blind or partially sighted. The results of the study will inform our review of adult services to ensure that appropriate support can be provided.

We took the decision to suspend the funding of any new ophthalmic research projects for commercial reasons. We remain committed, however, to the funding of ongoing ophthalmic projects and the following research continued in 2013:

- An investigation of a potential new therapy for an inherited blindness that affects young children - Leber's Congenital Amaurosis (LCA).
- A study to investigate ways of improving the accuracy and effectiveness of assessing visual fields in children in order to better diagnose and monitor eye conditions.
- A study to investigate how different genes can alter an individual's risk of developing Age-related Macular Degeneration (AMD) in later life.

Plans for the future: We will continue to investigate appropriate emotional

support mechanisms for people recently diagnosed with sight loss. We will focus on topics related to understanding and improving customer wellbeing and the customer experience.

We will investigate the effect of early nest experiences on the development of adult dog temperament to determine whether certain early socialisation techniques can prevent future adult behavioural problems.

Our market research focus in 2014 is to continue our mission of listening to people who are blind or partially sighted and to support the development of services that meet their needs.

Working with other organisations

We recognise that collaborating with other organisations, and working in partnership with them, is a critical factor in our being able to broaden our services and support even more people with sight loss. By the end of 2013, working with others was firmly embedded across all parts of the organisation. Before we enter into partnership agreements we take great care to ensure the 'fit' is right and that all parties share the same goals and aspirations.

Achievements and performance:

My Guide is one of our services which relies heavily on partnerships and in 2013, we had 56 partnership arrangements with local societies in place.

In 2013 we continued to play a major role in the definition and implementation of the UK Vision Strategy (UKVS), which is an initiative of Vision 2020 UK, an umbrella organisation with more than 40 members, which aims to bring about greater collaboration between organisations in the UK that focus on visual impairment.

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We continued to strive for strong and effective governance of the UKVS. Guide Dogs championed the development of a children's pathway through Vision 2020 UK and under our leadership, the pathway was approved by the Vision 2020 UK Board in September 2013. Its implementation is now well underway. Through the pathway, Vision 2020 UK members will work together to ensure children, young people and their families receive support and services in a 'joined-up', cohesive manner throughout the whole of the UK.

The overarching UK Vision Strategy focuses on delivering three key aims across the UK:

- To improve the eye health of the people of the UK.
- To eliminate avoidable sight loss and deliver excellent support to those with a visual impairment.
- To enhance the inclusion, participation and independence of people who are blind or partially sighted.

The third aim is a particular focus for Guide Dogs, as we are the leading organisation working on mobility and independence for people with sight loss. Our partnership with Microsoft and Future Cities Catapult (as detailed under Technology on page 10) has extended to include Reading Borough Council, Network Rail, First Great Western and Tesco amongst others. Together we are pooling our knowledge and resources to make transport, travel and retail more inclusive and accessible to everyone.

As a member of Assistance Dogs UK (ADUK), a coalition of assistance dog organisations, we, along with the other members encourage the exchange of ideas and best practice.

We also work together to raise public awareness and to promote behavioural and legislative changes to ensure the freedom, independence and rights of all individuals who use its services.

Internationally we work with others through the International Guide Dog Federation (IGDF), an organisation that exists to maintain standards in guide dog training around the world through assessment and accreditation of existing guide dog training schools and supporting the development of new Guide Dogs organisations. Guide Dogs UK has several staff operating as Assessors and also has representation on the IGDF Board.

These relationships contribute significantly to our ability to deliver mobility services to people who are blind or partially sighted across the UK.

Plans for the future: We passionately believe that if we are to effect change and achieve our ambition of supporting all people with sight loss to get out and about on their own terms, then we must continue to work collaboratively with others to do so.

We will seek stronger governance of the UKVS by the Vision 2020 UK board, and we will work to ensure that all aspects of Outcome 3 of the UKVS are fully implemented.

We will continue to develop Memoranda of Understanding with partners in the sector and will investigate the possibility of becoming accredited by the Institute of Collaborative Working.

We will continue to support the European Guide Dog Federation as it re-defines itself, and tries to build its capacity and relevance to a number of EU nations with

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little or no guide dog capacity, and with inadequate provisions for visually impaired people.

Fundraising

We are reliant on the goodwill of our supporters and volunteers to raise the funds needed to help people with sight loss get out and about. Voluntary income increased by 8% (£5.1 million) in spite of a challenging economic climate. Within voluntary income, legacy income continued to do well with £33.7 million raised (a 2% decline on 2012 during which some exceptionally high-value legacies were received).

Achievements and performance: We saw an increase in revenue from events participation, cash collections and regular giving thanks to the generosity of our dedicated volunteers and supporters. There was also an increase in corporate and statutory fund support.

- Our annual Guide Dogs Awards gala evening, hosted by Adrian Chiles and attracting a host of celebrities, celebrated the achievements of our guide dog partnerships and the dedication of our volunteers. The gala evening raised more than £0.1 million.
- 1,927 supporters ran marathons, cycled long distances and climbed mountains to raise more than £0.7 million.
- We developed new corporate relationships with Castrol, Inchcape, Ricoh and Donate Mobile.
- Our long-term partnership with Specsavers continued to go from strength-to-strength with their invaluable support of Guide Dogs Week.
- We were proud to be chosen as the Bank of England's Charity of the Year Partner for 2013-2014.
- School fundraising income doubled in 2013 thanks to new initiatives including Sponsor a Puppy at School.
- Our regular giving products continued to perform well with Lucky Lottery and Sponsor a Puppy income growing by over 30%, raising almost £22 million.
- The new Fundraise for Us pack, inviting supporters to host their own event to raise money, proved popular with supporters as income grew by over 50% on 2012.
- We successfully introduced a new regular giving product, Sponsor a Future, to begin to build a sustainable source of funding for Blind Children UK.

Plans for the future: Plans for 2014 are ambitious; they need to be to enable us to help more people who are blind or partially sighted in more ways than ever before. Our fundraising team is working with volunteers to create exciting ways for people to get involved with Guide Dogs.

- Dogs Unite, our new sponsored dog walk, will be launched in 2014 with a headline event taking place on 14 June at the Queen Elizabeth Olympic Park in London. The dog show, with family entertainment and celebrity guests, aims to attract over 10,000 people.
- We aim to grow corporate support in 2014 and have recently been selected by HSBC's Graduate Charity Committee as their charity partner for 2014-2015.
- We plan to recruit over 175,000 donors through direct marketing, through our raffle, cash gifts, Sponsor a Puppy and Lucky Lottery products. We will launch two new television adverts to support the campaign.
- We are aiming to recruit 60 new volunteer support groups and place

Strategic report for the year ended 31 December 2013

more collection boxes than ever before.

- We will finalise our plans for the Guide Dogs Annual Awards which will take place on 10 December 2014 at the London Hilton Park Lane.

Financial review

Overview

In 2013 resources expended exceeded incoming resources by £10.4 million (2012: £2.1 million) and our total funds decreased by £6.6 million (2012: £2.4 million increase).

While we recorded a deficit in 2013, it results from planned investment in fundraising and service delivery growth, and is in line with our plans for the future. Our income growth plans continue to bear fruit, and this, along with close control over obtaining value for money from the resources we expend means that we are on track to bringing the organisation to a more robust financial position.

Income

Income totalled £74.9 million in 2013, up £5.8 million on the prior year. The largest constituent of this is voluntary income. This totalled £66.2 million in 2013, £5.1 million higher than in 2012 primarily due to an increase of £5.1 million in donor based fundraising, reflecting the investment we have been putting into growing our donor database.

Expenditure

Resources expended in 2013 totalled £85.3 million, £14.1 million more than the prior year, though the prior year benefited from a one-off £9.0 million curtailment gain resulting from the

closure to future accrual of the defined benefit pension scheme. Without this exceptional item, costs were up £5.1 million on the prior year. The larger elements of this include:

- Costs of generating funds. The additional investment in fundraising expenditure of £6.8 million in the year (or £5.7 million excluding the impact of the curtailment gain in the prior year noted above) brought the total to £31.2 million. The return on this additional expenditure will be achieved in future years.
- Costs of the provision of guide dogs and other adult mobility services. At £46.8 million this was up £4.1 million on the prior year (or down £3.5 million excluding the impact of the curtailment gain in the prior year, notwithstanding the increased number of active guide dog partnerships).

Net outgoing resources before other recognised gains and losses

Net outgoing resources before other recognised gains and losses was therefore a deficit of £10.4 million (2012: deficit of £2.1 million reflecting the inclusion in 2012 of the pension scheme curtailment gain of £9.0 million). The Board of Trustees' overall aim is to operate at least at break even, but recognises that in times of service expansion or general economic recession this may not always be achieved.

Other recognised gains and losses

Other recognised gains and losses arose from two sources:

- Net unrealised gains on investments. A reasonable year for financial markets

Strategic report for the year ended 31 December 2013

has meant that our investment portfolio generated gains of £3.4 million (2012: £4.3 million).

- The defined benefit pension scheme. Net actuarial gains of £0.4 million (2012: £0.2 million) were recognised.

Funds

Taking into account all the above recognised gains and losses in the year, overall funds decreased by £6.6 million (2012: increased by £2.4 million), to £87.5 million. These funds comprise four elements: free reserves, designated funds, restricted funds and endowment funds. Each of these categories is described as follows.

Free reserves

We define free reserves as comprising general funds, the revaluation reserve and the pension reserve deficit. Total free reserves at the end of 2013 amounted to £40.5 million (2012: £45.1 million). When someone becomes a guide dog owner we make a commitment to provide them with a guide dog for as long as they require one. As it takes between 20 to 24 months to train a guide dog and as the average working life of guide dogs is between six and seven years, a client may require eight or more dogs in a lifetime. Furthermore, the highly specialised nature of our work means that we have to train our own staff. To recruit and fully train a Guide Dog Mobility Instructor, for example, takes over three years. Also, the expenditure on our buildings and supporting infrastructure is fixed in the medium term which, together with our breeding and training requirements, results in the necessity for a long-term cost planning horizon. We estimate that the total cost of our commitment is in excess of £200 million, and is made in the

context of our income being derived primarily from voluntary giving, particularly legacies, which can fluctuate significantly.

To mitigate the risk to the delivery of our commitment to each guide dog owner, it is the Board of Trustees' view that free reserves should normally be maintained at a level equivalent to between one and two years' operating costs. However, the Board of Trustees recognises that there may be occasions where investment leads to a reduction in free reserves to a lower amount, with such investments only being undertaken when the Board of Trustees believes that free reserves can then be re-established at the policy level within a reasonable period of time.

Free reserves have been at a level below the equivalent of one year's operating costs since 2011. The Board of Trustees has carefully reviewed forward projections of Guide Dogs' financial position and is confident that the organisation will be able to meet its liabilities as they fall due, while maintaining services. The Board of Trustees is closely monitoring performance against the forward projections so that remedial action can be taken if it becomes clear that the assumptions underlying the projections cease to be realistic.

Designated funds

Designated funds are unrestricted but have been set aside by the Board of Trustees for a particular purpose. Guide Dogs maintains two designated funds:

- The **Fixed Assets Fund** represents funds allocated to tangible fixed assets such as property, plant and equipment.

Strategic report for the year ended 31 December 2013

This has decreased from £48.3 million to £46.0 million during the year.

- The **Research Fund** provides funding for ophthalmic, canine and psycho-social research. The year-end balance on this fund was £0.3 million (2012: £0.3 million).

Restricted funds

These are unexpended funds that have been donated to Guide Dogs with specific conditions attached to their use. At 31 December 2013 these funds totalled £0.3 million (2012: £0.1 million).

Endowment funds

These are funds that have been donated subject to the condition that the capital must remain unspent, in perpetuity. Income from the investment of these funds may be used for unrestricted purposes. At 31 December 2013 these funds totalled £0.4 million (2012: £0.3 million).

Tangible fixed assets

The movements in tangible fixed assets during the year are summarised in Note 5 to the Financial Statements. No major investment has taken place in 2013, and none is planned for 2014. Guide Dogs owns several surplus properties, the disposal of which is being pursued. After the end of 2013 the old training school site at Wokingham was sold, realising net proceeds of £18.0 million, compared to a net book value of £0.9 million.

Investment policy

Guide Dogs' investment policy is:

- (i) To protect the value of its investments while seeking an appropriate return. In order to achieve this outcome at appropriately low levels of risk and

volatility, investments are selected that seek to produce a return of LIBOR plus 4% per annum over three-year rolling periods.

- (ii) Not to invest directly in any company with a significant interest in any activity that runs contrary to Guide Dogs' charitable objectives and mission.

The Board of Trustees considers this to be a prudent policy which challenges managers to produce excellent results.

The investment portfolio is managed on an unconstrained basis in two segments, by Standard Life Investments and Newton Investment Management, under the control of Guide Dogs' Investment Committee. The two managers were selected for their contrasting styles, in order to diversify overall risk.

At the beginning of the year investments were valued at £72.4 million. During the year a net £15.6 million of funds were withdrawn from the portfolio and investment gains of £3.4 million were achieved. As a result, the portfolio was valued at £60.2 million at the end of the year.

Against the benchmark target return (LIBOR plus 4%) for the rolling three years to 31 December 2013 of 4.7%, Standard Life Investments has achieved a return of 6.4% and Newton Investment Management 3.7%, producing an overall return of 5.1%.

Guide Dogs' pension schemes

Guide Dogs operates two funded pension schemes for its staff, a defined benefit and a defined contribution scheme. The former scheme was closed to future accrual on 31 December 2012. A valuation of this scheme for accounting purposes, under FRS 17,

Strategic report for the year ended 31 December 2013

valued the deficit at 31 December 2013 at £22.2 million (2012: £31.0 million). The major elements of this £8.8 million decrease in the deficit were £1.8 million of net interest in the scheme, and the £6.7 million additional payment from Guide Dogs toward the elimination of the deficit. The latest full actuarial valuation of the scheme was at 31 December 2012. This showed a deficit of £54.3 million calculated on a funding basis. Annual payments of £6.7 million through to 2023 have been agreed with the scheme's trustees. The defined contribution scheme has been in existence since 1 April 2011, and during 2013 also became the vehicle for the auto-enrolment offering to staff.

Risk management and internal control

The Board reviews the major risks the charity faces as part of the annual business planning process and has established effective and efficient systems to manage these. It is satisfied that the arrangements for managing these risks, combined with the continual review of internal controls and the reserves policy, will ensure that sufficient resources are available to maintain services for the foreseeable future.

Performance against the objectives set out in the five year business plan, including management of significant risks, is monitored regularly by the Board. The Board also ensures that systems for internal control are in place. These systems are reviewed as part of an internal audit programme. The systems are designed to safeguard the charity's assets, ensure that proper accounting records are maintained and provide reliable financial information.

Key elements of Guide Dogs' control systems include the following:

- The Board meets at least four times a year. A number of matters are specifically reserved for its approval.
- There is a clear organisational structure with appropriate levels of accountability and reporting lines. The Board approves the delegation of financial authority to the Chief Executive.
- The risk management framework is used to identify and assess new and current major business risks. It prioritises them in terms of impact and probability of occurrence and then identifies and implements efficient controls to manage them and monitor their effect.

Throughout 2013 the organisation continued to monitor significant risks. These included financial risks relating to income generation, the investment portfolio and the defined benefit pension scheme. Other risks included working with young people and vulnerable adults, a failure to recruit and retain qualified and skilled staff and volunteers, and a failure to balance supply and demand of services.

This report was approved by the Board of Trustees on 24 June 2014 and signed on its behalf by:



Chairman: John Stewart

Report of the Board of Trustees for the year ended 31 December 2013 (incorporating the Directors' Report)

The Board of Trustees of The Guide Dogs for the Blind Association ("the Board") presents its Report and Financial Statements for the year ended 31 December 2013. These have been prepared in accordance with the provisions of the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities (revised 2005).

Corporate information

The Association operates under the abbreviated name of Guide Dogs. Guide Dogs is a registered charity (Number 209617 in England and Wales and number SCO38979 in Scotland) and was incorporated as a company limited by guarantee (registered in England and Wales number 291646), on 30 August 1934. Its Central Office which is also its Registered Office, is Hillfields, Burghfield Common, Reading, Berkshire RG7 3YG.

Guide Dogs is governed by its Articles of Association, which were last amended on 20 July 2013.

Guide Dogs is a company limited by guarantee and does not have a share capital. The company is governed by its Articles of Association. In the event of the company being wound up each member of the company undertakes to contribute such amount as may be required (not exceeding £1) towards the costs of dissolution and liabilities of the Association.

Public benefit

The Board has paid due regard to the public benefit guidance published by the Charity Commission.

The objects and aims of Guide Dogs fall

within the subsection of the Charities Act 2011 related to the relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. No person who is blind or partially sighted is prohibited from applying for assistance from the services we provide on the grounds of financial circumstances. We believe that Guide Dogs' information, research and campaigning activities have also directly benefited people who are blind or partially sighted.

Structure governance and management

Members of the Board

The members of the Board as at 24 June 2014, who are both Directors of the company and Trustees of the charity (the "Trustees"), were as follows:

John Stewart BA, FCIB, ACII – Chairman
Patricia Stafford BA (Hons)- Vice Chairman

Amanda Ariss BA (Hons), MA (Dist)
Prof John Hilbourne* BSc, DSc, FRSA, HFRCSLT

David J Bagley FCA, CF
David Anderson BVMS, MVM, MRCVS

Norma Johnston BA (Hons), MIPR

Rowena Lusty LLB, PGCE

Dr Mike Nussbaum* BSc, PhD, Honorary Doctor of the Open University.

Alan Park FRICS, MCIOB, MBA

John Wriighthouse BSc (Hons), MA, FCIPD

John Everitt BSc, MSc, FICE

Clare Black BSc (Hons)

Amar Latif BSc (Hons)

Polly Williams ACA, BA (Hons)

* Guide dog owner.

Report of the Board of Trustees for the year ended 31 December 2013 (incorporating the Directors' Report)

Mark Jenkins deceased on 5 January 2014. Amos Miller* resigned as Trustee 30 January 2014, and John Everitt and Clare Black were appointed as Trustees on 14 May 2013. Amar Latif and Polly Williams were appointed as trustees on 8 May 2014.

The Trustees are elected by the members of Guide Dogs at the Annual General Meeting or appointed by the Board to fill any vacancies arising during the year. Recruitment takes place through a sub-committee of the Board with clear terms of reference, and candidates are sought to provide the Board with a full range of relevant skills relating to the business of the charity. Diverse applications are actively sought, particularly from people with a visual impairment.

Trustees serve a three-year term of office before retiring and are eligible to stand for re-election for a maximum of two further three-year terms of office. Exceptionally, a fourth and final term may be served if there is a specific need, agreed by the Board.

On appointment, all new Trustees have personalised induction programmes. These are designed to cover the main operational framework of the charity, including its finances and future plans and objectives. New Trustees are also encouraged to visit one of the four Guide Dogs Training Schools and other teams, and are required to attend a staff and volunteer induction workshop, covering areas such as safeguarding.

The Trustees have overall responsibility for the activities of Guide Dogs, advised by the Chief Executive and his Executive Board.

There are three committees; these (and their chairmen at 24 June 2014) are as follows:

Audit: Bruce Gordon+
Investment: Bruce Gordon+
People: Rowena Lusty.

+ Independent Member.

The governance framework sets out the clear terms of reference for the committees and the Board receives regular reports on their activities. The Board has established a clear policy and procedures for dealing with conflicts and the authorisation thereof in accordance with Charity Commission guidelines.

Trustees of the Board and independent committee members do not receive any remuneration for their services to the charity.

Trustees' responsibilities statement

The Trustees (who are also directors of Guide Dogs for the purposes of company law) are responsible for preparing the Trustees' Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

Report of the Board of Trustees for the year ended 31 December 2013 (incorporating the Directors' Report)

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

Management

The Executive Board is responsible for the day-to-day management of Guide Dogs, acting under delegated authority given to them by the Board. The members of the Executive Board as at 24 June 2014 were:

Richard Leaman, CB, OBE, Chief Executive
Jayne George, Director of Fundraising and Marketing
Mike Holt, Director of People and Business Services
Tim Lowth, Director of Finance, Planning and Performance
Steve Vaid, Director of Mobility Services (Deputy CEO).

Related parties

Guide Dogs is sole member, or owns the entire issued share capital, of its seven subsidiary undertakings:

- Blind Children UK (formerly National Blind Children's Society), acquired on 29 April 2013 is a charity providing services to blind or partially sighted children and their families.
- The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary.
- Guide Dogs UK Limited operates as a design and new build company for Guide Dogs.
- GDBA Community Care Services Limited, GDBA (Pension Fund Trustee) Limited and Guide Dogs Limited and NBCS Blind Limited were dormant during 2013.

The financial performance of these subsidiaries is disclosed in Note 14 to the Financial Statements.

Employee involvement and employment of disabled persons

Management is committed to transparency in its work and to including employees appropriately in decisions. Communication with employees is implemented through conventional line

Report of the Board of Trustees for the year ended 31 December 2013 (incorporating the Directors' Report)

management, team meetings, management visits to locations, conferences and away days, internal publications and extensive access to the charity's intranet and e-mail system. There is direct and formal consultation with employees on issues of concern to them and the elected Consultation Partnership Group meet with management regularly.

Guide Dogs has been awarded the "Two Ticks" Symbol by Jobcentre Plus. The symbol identifies those employers who have committed to take action to meet five commitments regarding the employment, retention, training and career development of disabled employees.

Provision of information to Auditors

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- So far as the Trustee is aware, there is no relevant audit information of which the company's auditor is unaware.
- He/she has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the Board of Trustees on 24 June 2014 and signed on its behalf by:



Chairman: John Stewart

Principal Advisors

Advisors

Auditor

Deloitte LLP
2 New Street Square
London EC4A 3BZ

Bankers

HSBC Bank plc
25 High Street
Windsor
Berkshire SL4 1LN

Investment Fund Managers

Newton Investment Management Ltd
The Bank of New York Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Standard Life Investments Ltd
1 George Street
Edinburgh EH2 2LL

Independent Auditor's report to the Trustees and Members of the Guide Dogs for the Blind Association

We have audited the financial statements of The Guide Dogs for the Blind Association for the year ended 31 December 2013 which comprise the Consolidated Statement of Financial Activities, the Group and the Company Balance Sheets, the Cash Flow Statement, the Accounting Policies and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of

company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course

Independent Auditor's report to the Trustees and Members of the Guide Dogs for the Blind Association

of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

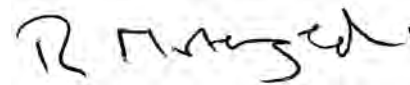
In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as

amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us;
- the parent charitable company's financial statements are not in agreement with the accounting records or returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Reza Motazedi (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory
Auditor
London

25 June 2014

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

**Consolidated statement of financial activities
incorporating an income and expenditure account
for the year ended 31 December 2013**

	Notes	Unrestricted Funds £m	Restricted Funds £m	Endowment Funds £m	Total 2013 £m	Total 2012 £m
Incoming resources from generated funds						
Voluntary income		59.0	7.2	-	66.2	61.1
Activities for generating funds		5.2	-	-	5.2	5.0
Investment income		1.5	-	-	1.5	1.2
Incoming resources from charitable activities		0.6	-	-	0.6	0.6
Other incoming resources		1.2	0.2	-	1.4	1.2
Total incoming resources	1	67.5	7.4	-	74.9	69.1
Resources expended						
Cost of generating funds						
		(31.2)	-	-	(31.2)	(24.4)
Cost of Charitable activities						
Provision of guide dogs and other adult mobility services		(39.7)	(7.1)	-	(46.8)	(42.7)
Provision of other children's services		(1.5)	(0.1)	-	(1.6)	(0.2)
Research	3	(0.4)	-	-	(0.4)	(1.1)
Advocacy		(4.0)	-	-	(4.0)	(1.5)
Total charitable expenditure		(45.6)	(7.2)	-	(52.8)	(45.5)
Governance costs		(1.3)	-	-	(1.3)	(1.3)
Total resources expended	2	(78.1)	(7.2)	-	(85.3)	(71.2)
Net expenditure for the year before other recognised gains/(losses)		(10.6)	0.2	-	(10.4)	(2.1)
Net unrealised gains on investments		3.3	-	0.1	3.4	4.3
Actuarial gain on defined benefit pension scheme	15	0.4	-	-	0.4	0.2
Net (decrease)/increase in funds		(6.9)	0.2	0.1	(6.6)	2.4
Fund balance at 1 January		93.7	0.1	0.3	94.1	91.7
Fund balances at 31 December		86.8	0.3	0.4	87.5	94.1

All results are derived from continuing operations.

The parent charity, The Guide Dogs for the Blind Association has gross income of £73.5 million (2012: £68.1 million) and a result of £5.7 million deficit (2012: £2.4 million surplus) for the year. The net increase in funds for the financial year under the historical cost accounting convention, adjusted for the revaluation of fixed assets but excluding the movement in market value of Investments, is £7.0 million (2012: net increase in funds £2.0 million) (Note 6).

The accounting policies and notes on pages 29 to 44 form part of these financial statements.

Consolidated and charity balance sheets at 31 December 2013

	Notes	Group 2013 £m	Group 2012 £m	Charity 2013 £m	Charity 2012 £m
Fixed assets					
Tangible assets	5	46.0	48.3	46.0	48.3
Investments	6	60.2	72.4	60.7	72.9
		106.2	120.7	106.7	121.2
Current assets					
Stock	7	0.3	0.2	0.1	0.1
Debtors	8	7.5	5.4	9.0	5.5
Cash at bank and in hand		4.0	6.6	3.0	6.0
		11.8	12.2	12.1	11.6
Creditors					
Amounts falling due within one year	9	(7.5)	(6.7)	(7.1)	(6.6)
Net current assets					
		4.3	5.5	5.0	5.0
Total assets less current liabilities					
		110.5	126.2	111.7	126.2
Creditors					
Amounts falling due after more than one year	10	(0.8)	(1.1)	(0.9)	(1.1)
Net assets excluding pensions deficit					
		109.7	125.1	110.8	125.1
Pension fund deficit	15	(22.2)	(31.0)	(22.2)	(31.0)
Net assets					
		87.5	94.1	88.6	94.1
Funds					
General funds		45.7	64.6	46.9	64.6
Revaluation reserve		17.0	11.5	17.0	11.5
Pension reserve deficit		(22.2)	(31.0)	(22.2)	(31.0)
Total free reserves					
		40.5	45.1	41.7	45.1
Fixed assets		46.0	48.3	46.0	48.3
Research		0.3	0.3	0.3	0.3
Total designated funds					
		46.3	48.6	46.3	48.6
Total unrestricted funds					
		86.8	93.7	88.0	93.7
Restricted funds		0.3	0.1	0.2	0.1
Endowment		0.4	0.3	0.4	0.3
Total funds					
	11	87.5	94.1	88.6	94.1

The Financial Statements of The Guide Dogs for the Blind Association (registered company number 291646) were approved by the Board of Trustees on 24 June 2014 and signed on its behalf by



Chairman: John Stewart



Trustee: Patricia Stafford

The accounting policies and notes on pages 29 to 44 form part of these Financial Statements

Consolidated cash flow statement for the year ended 31 December 2013

	Notes	2013 £m	2012 £m
Net cash outflow from operating activities	17	<u>(19.4)</u>	<u>(16.6)</u>
Return on investment and servicing of finance			
Investment income received		<u>1.5</u>	<u>1.2</u>
Capital expenditure and financial investment			
Payments for tangible fixed assets		(2.1)	(1.8)
Proceeds from sale of tangible fixed assets		1.8	1.4
Net divestment from investment portfolio		<u>15.6</u>	<u>18.2</u>
		<u>15.3</u>	<u>17.8</u>
(Decrease)/increase in cash in the year		<u>(2.6)</u>	<u>2.4</u>
Net cash at 1 January		6.6	4.2
(Decrease)/increase in the year		<u>(2.6)</u>	<u>2.4</u>
Net cash at 31 December		<u>4.0</u>	<u>6.6</u>

The accounting policies and notes on pages 29 to 44 form part of these financial statements

Accounting policies

The principal accounting policies adopted in the preparation of these Financial Statements are as follows:

i. Basis of accounting

The Financial Statements of the Association have been prepared using the historical cost convention, as modified by the revaluation of certain investment and fixed assets, and are drawn up in line with the Companies Act 2006, and in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in March 2005 and applicable United Kingdom accounting standards.

The group accounts consolidate the accounts of the charity and its subsidiary companies. As provided by Section 408 of the Companies Act 2006, no separate income and expenditure account is presented for the charity. The subsidiaries' profits are transferred to the Charity under Gift Aid or deed of covenant. Acquisitions are accounted for under the acquisition method.

The Board of Trustees considers that there are sufficient reserves at 31 December 2013 to manage any foreseeable downturn in the UK and global economy. The Board also considers that there is a reasonable expectation that The Guide Dogs for the Blind Association has adequate resources to continue in operational existence for the foreseeable future and for this reason the Board continues to adopt the 'going concern' basis in preparing the Financial Statements.

ii. Incoming resources

The income of fundraising branches and other donations is accounted for on a receivable basis. Income from raffles and draws is accounted for at the time of

cash receipt.

Legacies are accounted for when notified, providing the amount can be reliably ascertained and that ultimate receipt is reasonably certain.

Investment income is accounted for on an accruals basis.

iii. Resources expended

Expenditure is accounted for on an accruals basis.

Grants payable are recognised when a legal or operationally binding commitment has been made to make the grant payment.

The costs of charitable activities and generating funds include relevant direct costs incurred and the direct costs of staff employed on the activity, together with a share of overheads and support costs calculated in proportion to the number of staff employed in this area.

Governance costs relate to the direct costs associated with the constitutional and statutory requirements of the charity and include the costs of internal and external audit, secretariat and other related costs.

The cost of irrecoverable Value Added Tax is included within relevant expenditure.

iv. Tangible fixed assets

Tangible fixed assets, with an historic cost of £1,000 or more excluding Value Added Tax, are stated in the balance sheet at cost, with the exception of freehold land and buildings which are stated at historic valuation (see below), less depreciation, on a straight-line basis, at the following annual rates:

Freehold land	Nil
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Accounting policies

Freehold buildings	2½% - 5%
Furniture and equipment	10% - 20%
Motor vehicles	20%
Computers	33%

Assets in the course of construction are not depreciated.

Software development costs are expensed.

Guide Dogs first applied Financial Reporting Standard (FRS) 15 'Tangible Fixed Assets' in the year ended 31 December 1998, adopting the transitional provision to not revalue the freehold land and buildings on a periodic basis in the future; therefore this valuation has not been updated.

Leasehold properties are depreciated over their lease terms on a straight-line basis.

v. Investments

Investments are stated at market value at the balance sheet date. The value of unit trusts is the bid price of the units.

It is the charity's policy to keep valuations up to date such that when investments are sold there is no realised gain or loss arising. As a result the Statement of Financial Activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings as they are together treated as changes in the value of the investment portfolio throughout the year.

Investments in subsidiary companies are stated at cost, less any provision for impairment.

vi. Stocks

Stocks have been valued at the lower of cost on a first in first out basis and net realisable value.

vii. Pension costs

Guide Dogs operates two pension schemes:

(a) A defined contribution scheme which came into existence on 1 April 2011, and is open to all employees. The pension charge in relation to this scheme is based upon employer's contributions payable in the year.

(b) A defined benefit pension scheme for the majority of its employees who commenced working for Guide Dogs before 1 April 2011. The pension charge in relation to this scheme is based on annual valuations undertaken by the scheme Actuary in compliance with the provisions of FRS17. The scheme was closed to future accrual on 31 December 2012.

In addition there is an unfunded pension liability in respect of a limited number of ex-employees. The liability in relation to these employees is recognised in accordance with actuarial valuation.

viii. Operating leases

Rentals payable under operating leases are expensed on a straight-line basis over the lease term.

ix. Fund balances and transfers

The charity has three permanent endowments, which have to be retained as capital in perpetuity. However, income arising from these funds is wholly unrestricted.

Restricted funds are those which must be applied in accordance with the purpose specified by the donor. Expenditure relating to these purposes is therefore charged directly to the relevant fund.

The unrestricted income funds comprise those funds which the Trustees are free to

Accounting policies

use for any purpose in furtherance of the charitable objects. Such funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose. Transfers of funds from general unrestricted funds to designated funds are approved by the Trustees. Further details of each fund are disclosed in Note 11.

x. Taxation

Guide Dogs, as a registered charity, is exempt from corporation tax under Chapter 3 of Part 11 to the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes. No corporation tax charge has arisen in the charity's subsidiaries, due to their policies of gifting all taxable profits to Guide Dogs each year. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Notes to the financial statements for the year ended 31 December 2013

1. Incoming resources

	2013 £m	2012 £m
Incoming resources from generated funds		
Voluntary income		
Community fundraising	6.0	5.5
Donor based fundraising	24.9	19.8
Corporate and trust income	1.6	1.3
Legacies	33.7	34.5
	<hr/> 66.2	<hr/> 61.1
Activities for generating funds		
Raffles and draws	3.5	3.5
Lotteries	0.8	0.6
Other	0.9	0.9
	<hr/> 5.2	<hr/> 5.0
Investment Income	<hr/> 1.5	<hr/> 1.2
Incoming resources from charitable activities		
Sale of rehabilitation services under contract	0.2	0.4
Ancillary training	0.4	0.2
	<hr/> 0.6	<hr/> 0.6
Other incoming resources*	<hr/> 1.4	<hr/> 1.2
Total incoming resources	<hr/> <hr/> 74.9	<hr/> <hr/> 69.1

*Breakdown of Blind Children UK assets acquired at 29 April 2013

	£m
Fixed assets and Investments	0.3
Debtors	0.2
Cash	0.2
Creditors	(0.2)
	<hr/> 0.5
Purchase consideration	<hr/> -
Negative goodwill	<hr/> <hr/> (0.5)

Notes to the financial statements for the year ended 31 December 2013

2. Resources expended

	Direct Costs £m	Support Costs £m	Total 2013 £m	Total 2012 £m	Adjusted Total 2012* £m
Costs of generating voluntary income					
Community fundraising	4.2	0.6	4.8	3.6	4.6
Donor based fundraising	17.0	0.4	17.4	13.1	13.1
Corporate and trust income	0.7	0.1	0.8	0.6	0.6
Fundraising development and administration	1.2	0.3	1.5	1.5	1.6
Legacy marketing and administration	2.5	0.1	2.6	1.2	1.2
	25.6	1.5	27.1	20.0	21.1
Cost of fundraising trading					
Costs of goods sold and other costs	0.9	-	0.9	1.0	1.0
Raffles and draws	2.7	-	2.7	2.9	2.9
	3.6		3.6	3.9	3.9
Investment management fees	0.5	-	0.5	0.5	0.5
Costs of generating funds	29.7	1.5	31.2	24.4	25.5
Charitable expenditure					
Provision of guide dogs and other adult mobility services	38.9	7.9	46.8	42.7	50.3
Provision of other children's services	1.4	0.2	1.6	0.2	-
Research	0.3	0.1	0.4	1.1	1.2
Advocacy	3.4	0.6	4.0	1.5	1.7
	44.0	8.8	52.8	45.5	53.2
Governance costs	1.1	0.2	1.3	1.3	1.5
Total resources expended	74.8	10.5	85.3	71.2	80.2

* In 2012 a curtailment gain of £9 million was included within total charitable expenditure as a result of the closure of the Defined Benefit Pension Scheme to future accrual on 31 December 2012. This curtailment gain has been allocated to resources expended based upon pension costs during the year, in line with the SORP, which results in a reduction of costs by £9 million. The "Adjusted Total 2012" column shows the prior year costs without this curtailment gain.

Notes to the financial statements for the year ended 31 December 2013

Resources expended include:

	2013	2012
	£m	£m
Operating lease charges		
Other – land and buildings	0.6	0.6
Depreciation charged in the year	3.5	3.5
	£000	£000
Fees payable to the charity's auditor for:		
The audit of the charity's annual financial statements	59.0	52.0
The audit of the charity's subsidiaries pursuant to legislation	15.6	5.0

3. Research

Research comprises strategic, market, consumer and scientific research. Total research expenditure amounted to £0.4 million in 2013 (2012: £1.1 million) which included various grants as detailed below:

	2013	2013	2012	2012
	No.	£m	No.	£m
University of Liverpool	1.0	0.1	-	-
Queen's University Belfast	-	-	1.0	-
UCL	-	-	1.0	0.2
Royal Holloway	-	-	1.0	0.2
University of Nottingham	-	-	1.0	0.2
Small grants	-	-	2.0	-
Total	1.0	0.1	6.0	0.6

4. Trustees and employees

The trustees and persons connected with them have not received, obtained or waived any remuneration or other financial benefits for the year directly or indirectly from Guide Dogs (2012: Nil). Travelling and subsistence expenses were reimbursed in respect of 16 trustees, totalling £12,102 (2012: 16; £10,324).

Staff costs

	2013	2012
	£m	£m
Wages and salaries	32.6	30.4
Social security costs	3.2	2.6
Other pension costs excluding pension scheme actuarial loss (see Note 15)	3.1	4.6
Sub total	38.9	37.6
Other staff related costs	4.0	3.2
Total	42.9	40.8

Notes to the financial statements for the year ended 31 December 2013

The average number of persons employed during the year ended 31 December 2013 is shown below on full time equivalent basis.

	2013	2012
	No.	No.
Fundraising and legacies	108	126
Provision of guide dogs and other adult mobility services	752	749
Provision of other children's services	32	-
Research	6	9
Advocacy	28	17
Management, administration and clerical (indirect)	232	217
	<u>1,158</u>	<u>1,118</u>

No pension contributions were paid into Guide Dogs' defined benefit scheme for the year on behalf of employees (2012: 867 employees). Pension contributions were paid into the Guide Dogs' defined contribution scheme for 948 employees (2012: 111 employees).

Number of employees with emoluments (excluding one-off redundancy payments) exceeding £60,000:

	2013	2012
	No.	No.
£60,001 to £70,000	7	4
£70,001 to £80,000	7	1
£80,001 to £90,000	-	4
£90,001 to £100,000	2	2
£100,001 to £110,000	-	-
£110,001 to £120,000	-	1
£120,001 to £130,000	1	-
	<u>17</u>	<u>12</u>

Pension contributions were paid into Guide Dogs' defined benefit scheme for the year on behalf of nil employees (2012: 9) of the employees with emoluments in excess of £60,000 and pension contributions were paid into Guide Dogs' defined contribution scheme for the year on behalf of 16 (2012: 2) of these employees.

Notes to the financial statements for the year ended 31 December 2013

5. Tangible fixed assets

	Freehold properties	Leasehold properties	Furniture, equipment, vehicles and computers	Total
	£m	£m	£m	£m
Group				
Cost or valuation				
As 1 January 2013	53.7	0.8	12.8	67.3
Assets acquired with Blind Children UK	0.4	-	0.4	0.8
Additions	-	0.2	1.6	1.8
Disposals	(1.0)	-	(2.7)	(3.7)
At 31 December 2013	53.1	1.0	12.1	66.2
Depreciation				
As 1 January 2013	10.0	0.5	8.5	19.0
Depreciation acquired with Blind Children UK	0.1	-	0.4	0.5
Provision for year	1.8	0.1	1.6	3.5
Disposals	(0.2)	-	(2.6)	(2.8)
At 31 December 2013	11.7	0.6	7.9	20.2
Net book value 31 December 2013	41.4	0.4	4.2	46.0
Net book value 31 December 2012	43.7	0.3	4.3	48.3
Charity				
Cost or valuation				
As 1 January 2013	53.7	0.8	12.8	67.3
Additions	-	0.2	1.6	1.8
Disposals	(0.7)	-	(2.2)	(2.9)
At 31 December 2013	53.0	1.0	12.2	66.2
Depreciation				
As 1 January 2013	10.0	0.5	8.5	19.0
Provision for year	1.7	0.1	1.7	3.5
Disposals	(0.1)	-	(2.2)	(2.3)
At 31 December 2013	11.6	0.6	8.0	20.2
Net book value 31 December 2013	41.4	0.4	4.2	46.0
Net book value 31 December 2012	43.7	0.3	4.3	48.3

The majority of freehold properties were re-valued as at 31 December 1998 by Weatherall Green & Smith, Chartered Surveyors, on an open market value basis in accordance with guidelines issued by the Royal Institution of Chartered Surveyors.

The Central Office freehold property was valued by external valuers, Alder King Property Consultants, as at 6 March 2006 on the basis of Existing Use Value in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards Manual. The external valuer did not consider there to be any significant difference between the Existing Use Value and the Open Market Value as at the date of the valuation. The external valuer responsible for the inspection and preparation of the valuation was Mr R Wheeler BSc FRICS. The depreciated historical cost of the property prior to the valuation was £2.5 million.

Notes to the financial statements for the year ended 31 December 2013

The discount rate used in the calculation to arrive at the Value in Use was 4.5%.

If freehold properties had been valued under the historical cost convention they would have been included in the charity balance sheet at a cost of £70.6 million (2012: £71.8 million) and a net book value of £40.4 million (2012: £43.2 million). The charity's depreciation charge for the year would have been £2.2 million (2012: £2.2 million) compared with the actual charge of £1.8 million (2012: £1.8 million) based on revalued amounts.

6. Investments

a) Movement in investment during the year

	Group 2013 £m	Group 2012 £m	Charity 2013 £m	Charity 2012 £m
Market value at 1 January	72.4	86.3	72.9	86.8
Net divestment	(15.6)	(18.2)	(15.6)	(18.2)
Net gain on revaluation	3.4	4.3	3.4	4.3
Market value at 31 December	60.2	72.4	60.7	72.9

b) Analysis of investments at market value

	Group 2013 £m	Group 2012 £m	Charity 2013 £m	Charity 2012 £m
Listed investments – United Kingdom	60.2	72.4	60.2	72.4
Investment in subsidiaries	-	-	0.5	0.5
	60.2	72.4	60.7	72.9

c) Analysis of investments of cost

	Group 2013 £m	Group 2012 £m	Charity 2013 £m	Charity 2012 £m
Listed investment – United Kingdom	43.3	60.9	43.3	60.9
Investment in subsidiaries	-	-	0.5	0.5
	43.3	60.9	43.8	61.4

At 31 December 2013 the listed investments included holdings in Standard Life Investment's Global Absolute Return Strategies fund, and Newton Investment's Real Return Fund valued at £35.1 million and £25.1 million respectively (2012: £48.6 million and £23.8 million respectively).

Notes to the financial statements for the year ended 31 December 2013

7. Stocks

	Group 2013 £m	Group 2012 £m	Charity 2013 £m	Charity 2012 £m
Equipment	0.1	0.1	0.1	0.1
Trading Stock	0.2	0.1	-	-
	<u>0.3</u>	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>

8. Debtors

	Group 2013 £m	Group 2012 £m	Charity 2013 £m	Charity 2012 £m
Tax recoverable	2.1	0.4	2.1	0.4
Other debtors	0.3	0.2	0.2	0.2
Trade debtors	0.3	0.5	0.2	0.2
Due from subsidiary undertakings	-	-	1.7	0.4
Accrued income	3.4	3.5	3.4	3.5
Other prepayments	1.4	0.8	1.4	0.8
	<u>7.5</u>	<u>5.4</u>	<u>9.0</u>	<u>5.5</u>

Included in other debtors are amounts falling due after more than one year. They include non-interest bearing equity mortgages to employees for housing assistance amounting to £0.1 million (2012: £0.1 million), a loan of £0.1 million (2012: £0.1 million) repayable over 20 years to The Worcestershire Association for the Blind for the development of a resource centre and £23,000 (2012: 0.2 million) within Guide Dogs UK Ltd for a guarantee bond relating to the construction of a property, which will be released in 2015.

9. Creditors: amounts falling due within one year

	Group 2013 £m	Group 2012 £m	Charity 2013 £m	Charity 2012 £m
Trade creditors	3.0	2.4	2.9	2.3
Other creditors	0.3	0.4	0.3	0.4
Tax and social security	0.9	0.8	0.9	0.8
Accruals and deferred income	3.3	3.1	3.0	3.1
	<u>7.5</u>	<u>6.7</u>	<u>7.1</u>	<u>6.6</u>

Notes to the financial statements for the year ended 31 December 2013

10. Creditors: amounts falling due after more than one year

	Group 2013 £m	Group 2012 £m	Charity 2013 £m	Charity 2012 £m
Unfunded pension obligations	0.1	0.1	0.1	0.1
Contracted research grants	0.7	1.0	0.8	1.0
	<u>0.8</u>	<u>1.1</u>	<u>0.9</u>	<u>1.1</u>

The unfunded pension obligations are in respect of four (2012: four) retired members of staff.

11. Fund balances

	At 1 January 2013 £m	Incoming resources £m	Resources Expended £m	Other gains and losses £m	Transfers Between funds £m	At 31 December 2013 £m
Free reserves	45.1	67.5	(78.1)	3.7	2.3	40.5
Fixed assets	48.3	-	-	-	(2.3)	46.0
Research fund	0.3	-	-	-	-	0.3
Total designated funds	48.6	-	-	-	(2.3)	46.3
Total unrestricted funds	93.7	67.5	(78.1)	3.7	-	86.8
Restricted funds	0.1	7.4	(7.2)	-	-	0.3
Endowment funds	0.3	-	-	0.1	-	0.4
Total funds	94.1	74.9	(85.3)	3.8	-	87.5

Restricted income comes primarily from legacies but also from other income streams. The restrictions primarily relate to geographical location or the stage of the dog training. Most funds are utilised in the year of receipt as they are matched to activities already happening in the area.

Transfers between funds include:

- Movements on tangible fixed assets.
- Expenditure out of designated funds.

Analysis of revaluation reserve (included within free reserves)

	Group 2013 £m	Group 2012 £m	Charity 2013 £m	Charity 2012 £m
Revaluation of investment portfolio	16.9	11.4	16.9	11.4
Revaluation of properties for use by charity	0.1	0.1	0.1	0.1
	<u>17.0</u>	<u>11.5</u>	<u>17.0</u>	<u>11.5</u>

Notes to the financial statements for the year ended 31 December 2013

12. Commitments

	2013 £m	2012 £m
Contracted capital commitments for the group and the charity	-	0.8

Capital commitments relate to contracted obligations resulting from the vehicle replacement schedule.

Obligations under operating leases

At the end of the year the annual commitments are as follows:

	2013 £m	2012 £m
For leases of properties expiring:		
Within one year	0.2	0.1
Between two and five years	0.2	0.2
Over five years	0.2	0.3
	<u>0.6</u>	<u>0.6</u>

13. Legacies

There are some legacies which have been notified to the Association at 31 December 2013 for which the amount receivable cannot be ascertained. These financial statements include payments received on account but not any estimates for future amounts receivable. Indications are that an estimated £33.3million (2012: £33.4 million) of legacies are potentially receivable in the future.

14. Subsidiaries

The Association is the sole member of Blind Children UK, and owns the whole of the issued share capital of: The Guide Dogs for the Blind Association (Trading Company) Limited, GDBA Community Care Services Limited, Guide Dogs Limited, Guide Dogs UK Limited and GDBA (Pension Fund Trustees) Limited. Blind Children UK owns the entire issued share capital of NBCS Blind Limited. Of these only the following trade on their own account:

- Blind Children UK, a charitable company providing services to blind and partially sighted children, and their families.
- The Guide Dogs for the Blind Association (Trading Company) Limited is the charity's trading subsidiary. A comprehensive review of this company's operations has been undertaken to ensure its future activities continue to be of maximum benefit to Guide Dogs.
- Guide Dogs UK Limited operates as a design and new build company for The Guide Dogs for the Blind Association. Using a subsidiary reduces the financial risk to the Association.

Notes to the financial statements for the year ended 31 December 2013

A summary of the trading results and net assets for the year ended 31 December 2013 is shown below:

	Blind Children UK 2013 £m	Trading Company 2013 £m	Total 2013 £m	Total 2012 £m
Incoming resources/turnover	0.8	1.2	2.0	1.5
Cost of generating funds/cost of sales	(0.8)	(0.6)	(1.4)	(1.0)
Gross profit	-	0.6	0.6	0.5
Other operating income	-	0.2	0.2	0.3
Distribution, selling and administration expenses	-	(0.5)	(0.5)	(0.5)
Operating (loss)/profit for the financial year	-	0.3	0.3	0.3
Gift Aid donation to charity	-	(0.3)	(0.3)	(0.3)
Cost of charitable activities	(1.8)	-	(1.8)	-
Result for the year	(1.8)	0.0	(1.8)	-
Reserves at start of year	0.7	0.5	1.2	0.5
Reserves at end of year	(1.1)	0.5	(0.6)	0.5
Current assets	0.3	1.1	1.4	1.0
Current liabilities	(1.4)	(0.6)	(2.0)	(0.5)
Net assets at end of year	(1.1)	0.5	(0.6)	0.5

The company has taken advantage of the exemptions allowed by the FRS 8, not to disclose transactions with related party undertakings which are wholly owned by the group.

Guide Dogs UK Limited's activities were minimal and the other companies were dormant in 2013.

15. Pension costs

Other pension costs in Note 4 have been determined under FRS 17 (Retirement Benefits).

Guide Dogs operates two funded pension schemes:

- The Guide Dogs Personal Pension Plan, a defined contribution scheme which came into existence on 1 April 2011 and is open to all employees. During 2013 employer contributions to this scheme totalled £3,915,000 (2012: £142,000). At 31 December 2013 employer's contributions of £338,000 (2012: £18,000) were payable to the scheme.
- The Guide Dogs for the Blind Association Pension Scheme, a defined benefit scheme for all qualifying employees who joined the Association before 1 April 2011, with the assets of the scheme being held in a separately administered fund. This scheme was closed to future accrual on 31 December 2012. Further detail in respect of this scheme is given below.

Notes to the financial statements for the year ended 31 December 2013

a) The amounts recognised in the balance sheet are as follows:

	2013 £m	2012 £m
Present value of funded obligations	(233.2)	(226.7)
Fair value of plan assets	211.0	195.7
Deficit	(22.2)	(31.0)

b) Changes in the present value of the defined benefit obligations are as follows:

	2013 £m	2012 £m
Opening defined benefit obligation	226.7	218.6
Current service cost	-	4.4
Interest cost	10.1	10.6
Past service cost	0.4	0.1
Gain on curtailment	-	(9.0)
Actuarial loss	1.8	5.4
Employee contributions	-	1.5
Benefits paid	(5.8)	(4.9)
Closing defined benefit obligation	233.2	226.7

c) Changes in the fair value of the scheme assets are as follows:

	2013 £m	2012 £m
Opening fair value of the scheme assets	195.7	172.3
Expected return	11.9	10.6
Actuarial gain	2.2	5.6
Employer contributions	7.0	10.5
Employee contributions	-	1.5
Benefits paid	(5.8)	(4.9)
Closing fair value of scheme assets	211.0	195.6

d) The amounts credited/(charged) within the Statement of Financial Activities are as follows:

	2013 £m	2012 £m
Current service cost	-	(4.4)
Expected return on scheme assets	11.9	10.6
Interest on pension liabilities	(10.1)	(10.6)
Past service cost	(0.4)	(0.1)
Gain on curtailment	-	9.0
Total amount credited/(charged) within net outgoing resources	1.4	4.5
Actuarial gains and losses	0.4	0.2
Total amount credited/(charged) to the Statement of Financial Activities	1.8	4.7

Notes to the financial statements for the year ended 31 December 2013

The Association expects to pay contributions to the scheme totalling about £6.7 million in 2014, all of which represents a payment towards the elimination of the deficit.

The most recent full actuarial valuation of the scheme was undertaken as at 31 December 2012.

The cumulative total of recognised actuarial gains and losses is £35.4 million (2012: £35.8 million).

e) The fair values of the major categories of scheme assets and their long term expected rate of return are as follows:

	2013 Long-term Expected Return	2013 £m	2012 Long-term Expected Return	2012 £m
Equities	7.60%	77.4	7.00%	49.5
Bonds	4.20%	54.9	3.90%	53.9
Other assets	7.36%	78.7	6.80%	92.3
Total	6.63%	211.0	6.05%	195.7

The overall expected rate of return on the scheme is determined based on yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins.

	2013 £m	2012 £m
The actual return on the scheme assets in the year	14.1	16.3

f) Principal assumptions at the balance sheet dates (expressed as weighted averages)

	2013	2012
Discount rate at 31 December	4.60%	4.50%
Expected return on scheme assets at 31 December	6.63%	6.05%
Rate of increase of salaries	n/a	2.95%
Rate of increase of pension payments		
Post 2007 pension	3.25%	2.90%
Rate of increase of pensions in deferment	2.40%	1.95%
Proportion of employees opting for early retirement	0.00%	0.00%
Assumes life expectations on retirements age 60:		
Retiring today – males	26.7	26.8
Retiring today – females	29.2	29.3
Retiring in 20 years – males	28.2	28.4
Retiring in 20 year – females	30.8	30.9

g) History of funding position and experience gains and losses

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Defined benefit obligation	(233.2)	(226.7)	(218.6)	(192.4)	(165.2)
Scheme assets	211.0	195.7	172.4	156.8	133.9
Deficit	(22.2)	(31.0)	(46.2)	(35.6)	(31.3)
Experience adjustments on scheme liabilities	0.4	(2.0)	(1.5)	3.9	(2.0)
Experience adjustments on scheme assets	2.2	5.6	(2.6)	7.0	11.0

Notes to the financial statements for the year ended 31 December 2013

16. Analysis of net assets between funds

	General funds £m	Designated funds £m	Restricted funds £m	Endowment funds £m	Total 2013 £m	Total 2012 £m
Tangible fixed assets	-	46.0	-	-	46.0	48.3
Fixed asset investments	59.8	-	-	0.4	60.2	72.4
Bank balances	4.0	-	-	-	4.0	6.6
Pension fund	(22.2)	-	-	-	(22.2)	(31.0)
Other assets and liabilities	(1.1)	0.3	0.3	-	(0.5)	(2.2)
	40.5	46.3	0.3	0.4	87.5	94.1

17. Notes to Cash flow statement

Reconciliation of net expenditure to net cash outflow from operating activities

	2013 £m	2012 £m
Net expenditure for the financial year	(10.4)	(2.1)
Investment income	(1.5)	(1.2)
Depreciation	3.5	3.5
Net gain on disposal of tangible fixed assets	(0.9)	(1.1)
(Increase) in stocks	(0.1)	-
(Decrease)/increase in debtors	(2.1)	1.2
Decrease/(increase) in creditors	0.5	(1.9)
Pension fund non-cash movement	(8.4)	(15.0)
Net cash outflow from operating activities	(19.4)	(16.6)

Notes to the financial statements for the year ended 31 December 2013

Major gifts and donations

Without the commitment of each and every one of our supporters, the work we do at Guide Dogs would simply not be possible. We would like to thank everyone who helped in any way during 2013. In particular our special thanks go to:

PIMCO Europe Ltd
Specsavers
Mr Robert Douglas
Mrs Brenda Stearn
Lady Diana Paget
Mrs Jepson
Captain Ellis
Muriel Jones Foundation and Pompey
Mrs E M Lidbury Charitable Trust
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